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Evaluation

UNDP – UNOPS relationship
Conference room paper submitted jointly by UNDP and UNOPS

Introduction

1. The documents and Executive Board decisions pertaining to the establishment of UNOPS as a separate entity have consistently recognized the unique relationship between UNOPS and UNDP. In accordance with its function as the governing body of UNDP and UNOPS, the Executive Board has, from time to time, considered issues that affect the relationship between the two organizations.

2. Document DP/2000/13, submitted to the Executive Board at its second regular session 2000, presented the findings of an independent evaluation of the UNDP-UNOPS relationship that had been commissioned by UNDP. Document DP/2000/CRP.8, submitted at the same session, provided a joint review of the recommendations contained in the evaluation report. A second joint report (DP/2000/35) submitted at the third regular session 2000 provided a progress report on follow-up actions associated with the evaluation. In its decision 2000/22 of 28 September 2000, the Executive Board urged action without delay to implement outstanding recommendations, requesting that the organizations report thereon at the annual session 2001.

3. While UNDP and UNOPS continued to work on implementation of the recommendations, the United Nations Office of Internal Oversight Services (OIOS) was requested by the Secretary-General to carry out an internal management review of UNOPS. Aware of the evolving context of the relationship issue, the Executive Board twice deferred discussion of the subject in 2001. The views and specific proposals of the Secretary-General will be contained in a separate document.

4. Both UNDP and UNOPS wish to reaffirm to the Executive Board their commitment to maintaining and strengthening an effective and harmonious partnership. Drawing from previous findings, documents, and decisions, the present

document reflects events that have transpired since the Board discussed these issues at the third regular session 2000. It is intended to supersede previous reports and conference room papers in order to outline mutually agreed principles according to which UNDP and UNOPS will move constructively forward.

5. UNDP and UNOPS address below four key issues that are at the centre of their relationship: (a) the status of UNOPS and the roles and responsibilities of UNDP and of UNOPS; (b) representation and field presence of UNOPS; (c) resource mobilization; and (d) execution modalities. A fifth key issue concerns the governance of UNOPS: proposals relating to the governance of UNOPS, including the role and composition of the Management Coordination Committee (MCC) and the accountability to the Executive Board, are dealt with in a separate note by the Secretary-General.

A. UNOPS status and roles and the responsibilities of UNDP and of UNOPS

6. Executive Board decisions 94/12 of 9 June 1994 and 94/32 of 10 October 1994, taken together with the various documents to which they refer, set forth the key operational parameters for UNOPS:

- It would be a "self-financing" and "separate and identifiable entity in a form that does not create a new agency and in partnership with the UNDP and other operational entities";
- It would "undertake implementation rather than funding activities";
- Its "administrative support, including that relating to financial and personnel matters, will continue to be provided by UNDP and ...should continue to work through the UNDP field network."

7. As expressed in paragraph 5 of their joint document DP/2000/35, both organizations are in agreement with the fundamental principles upon which UNOPS was established as a service provider to the organizations of the United Nations system. Within the context of United Nations programmes, projects and activities, UNOPS also provides services to associated governmental, intergovernmental, and non-governmental entities, when requested or agreed to by the concerned United Nations organization. UNOPS does not have, and does not aspire to have, a substantive mandate that mirrors those of the programmatic organizations of the United Nations system for which UNOPS provides services. At the same time, programme and project management and support service provision — the particular area of expertise of UNOPS — complement and make effective activities of substantive focus.

8. Since 1995, when UNDP was virtually the sole UNOPS client, UNOPS has, as intended, succeeded in expanding the provision of its services to a wider range of United Nations clients. The Executive Director suggests that the evolution of the complexity, diversification and volume of its business makes a case for more extensive dialogue between UNOPS and the Executive Board than has thus far been possible. The Executive Director requests the Executive Board to consider, consistent with the proposal put forward by the Secretary-General in paragraph 11 of

document DP/1994/52, allocating a separate segment of the Board sessions to UNOPS business. The Administrator agrees with this request.

9. The new UNDP business model is also resulting in changes to its approach to the delivery of its assistance to Member States. In view of the changed circumstances on both sides, UNDP and UNOPS recognize the need to make their relationship contemporary in a way that (a) respects the intentions of the Executive Board and of the Secretary-General; (b) strengthens responsiveness to meeting the needs of programme countries; and (c) re-establishes a complementary working relationship between the two organizations.

10. To this end, UNDP and UNOPS will focus attention on the following specific issues relating to roles and responsibilities:

- The two organizations recognize the complementary nature of their roles and responsibilities in support of programme countries. They agree to take measures that will help to avoid the reality or perception of replication or duplication of their respective special roles, expertise and costs;

- With regard to administrative services, both organizations consider that for the most part the arrangements have been successful, noting in particular their cooperative implementation of management information systems and the delegation of authority from the Administrator to the Executive Director in personnel matters. As both organizations are responding to new circumstances and imperatives, it is incumbent upon them, as noted in reports of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), to continue to assess, on an issue-by-issue basis, the cost-effectiveness and operational implications of the present modalities on both organizations.

B. Representation and field presence of UNOPS

11. The representation of UNOPS at the country level is provided for broadly under the aegis of the resident coordinator system. As per the existing Memorandum of Understanding, the UNDP Resident Representative shall normally act as the representative of UNOPS. As with other organizations for which UNDP provides such representation, UNOPS will be considered a member of the United Nations Country Team and invited to participate in joint exercises of the United Nations organizations in that country. UNDP country offices shall also provide such access and support as are required for the effective discharge of UNOPS functions.

12. Where the scale and scope of UNOPS activities requires a physical presence at the country level, UNOPS may establish such a presence within the context of the UNOPS biennial budget process, which includes the concurrence of MCC and review by ACABQ. In establishing such presences, UNOPS will take into account the policies of the Secretary-General regarding common United Nations houses and integrated services and will draw upon the administrative and other services of UNDP country offices to the extent that they are cost-effective and efficient for both organizations.

C. Resource mobilization

13. Both UNDP and UNOPS are in fundamental agreement on the roles of the respective organizations in mobilizing resources in support of programmes and priorities of a programme country, as expressed most often in the United Nations Development Assistance Framework (UNDAF) of the country concerned. The coordinating and central funding roles of UNDP, in accordance with General Assembly resolution 47/199 and other resolutions, are reiterated in Executive Board decision 94/12. As stated in paragraph 6 above, decisions 94/12 and 94/32 also emphasize that UNOPS will "undertake implementation rather than funding activities". Accordingly, resource mobilization is recognized to be undertaken by UNDP and other funding and programming organizations of the United Nations system.

14. As a self-financing entity, the need for UNOPS to do careful forward planning and to assure a level of service delivery consistent with its plans is recognized by both organizations. Such work would need to be in full support, knowledge and agreement of UNDP and/or other United Nations clients, as appropriate. Accordingly, UNOPS will lend support, if requested, to the resource mobilization efforts of UNDP and other funding organizations.

D. Execution

15. The roles of UNDP and UNOPS in execution and implementation have been the subject of several Executive Board decisions and General Assembly resolutions. National execution has been recognized to be the preferred modality and will continue to be the means by which the preponderance of UNDP-funded programmes will be executed. The UNDP role in support of national execution and in support of development support services has been evolving. Most recently, in its decision 98/2, the Executive Board provided for UNDP to execute projects directly under certain circumstances in countries in crisis and post-conflict situations.

16. The increasing provision of policy advisory services by UNDP, as part of the UNDP Business Plans, 2000-2003, has been welcomed by various countries that have requested these services. These services, which, to be effective, draw upon the internal knowledge resources of UNDP practice areas, are performed by UNDP itself, at the request of the country concerned and facilitated by entities such as UNDP subregional resource facilities (SURFs) and other sources. The signing of the required contracts with the experts so identified by UNDP itself, as the concluding act for the delivery of such expertise, is an integral part of the response to the request for such services. The ability of UNDP to do so would bring it in line with the procedures long used by other funds and programmes of the United Nations such as the United Nations Children's Fund and the United Nations Population Fund and contribute further to the harmonization of the procedures of the various organizations as requested by the Executive Boards of their respective organizations. UNOPS concurs with UNDP that it is appropriate under these circumstances to adopt this procedure.

17. UNOPS continues to be an important service provider to UNDP-funded programmes, projects and activities. UNDP intends, in line with the proposals of the Secretary-General, to encourage the use of UNOPS services in support of the effective implementation of United Nations country programmes on a cost-effective and competitive basis. Thus, for the implementation of large and complex projects requiring the procurement and management of a range of project inputs — in which UNOPS has particular experience and expertise — UNDP will continue to utilize UNOPS services. Similarly, and more generally, the two organizations will collaborate in other areas, regardless of size or complexity of the programme, to the extent that in doing so, they add value to the programme countries in the implementation of their programmes. In this respect, UNDP and UNOPS will explore issues and opportunities involving the Inter-Agency Procurement Services Office.

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The Secretary-General has requested that the attached note be circulated to the members of the Executive Board

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UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

Note of the Secretary-General

Introduction

1. It will be recalled that the Executive Board had urged action to implement outstanding recommendations contained in the independent evaluation of the relationship between the United Nations Development Programme (UNDP) and UNOPS. I am sure that the Executive Board will welcome the joint paper submitted by UNDP and UNOPS at its first regular session in 2002.

2. The paper submitted jointly by UNDP and UNOPS covers the four key issues that are central to their relationship : roles and responsibilities of the two organizations; UNOPS field presence; resource mobilization; and execution modalities. I am pleased that UNDP and UNOPS have worked together in a constructive manner to move forward in resolving outstanding problems. The present note will focus primarily on governance aspects, which have also been the subject of an internal review carried out, at my request, by the Office of Internal Oversight Services (OIOS) to assist me in determining how UNOPS support to the execution of United Nations programmes could be made more effective, as well as to address management issues.

The role of UNOPS in the United Nations system

3. At the outset, I would like to reiterate my support for the continued work of UNOPS as a "separate and identifiable entity" that is "self-financing", as originally intended by Member States. It has proven its worth over the years as a provider of services to organizations of the United Nations system for the management and delivery of programmes and projects.

4. The responsibility and accountability for the achievement of programme and project objectives should be with those United Nations organizations that are entrusted with such responsibility and from which UNOPS should receive business. UNOPS should provide services to or through United Nations clients and it is essential that it restrict itself to these parameters.

5. If UNOPS is to continue to meet its key objective of being self-financing, it is essential that it receive sufficient business from organizations in the United Nations system. I shall, therefore, be encouraging all United Nations entities - starting with components of the Secretariat - to avail themselves of the services of UNOPS as long as the UNOPS option remains cost-effective. This, however, does not imply that there is any obligation on the part of United Nations organizations to work through UNOPS.

6. In order to preserve the self-financing nature of its mandate, it is essential that the services provided by UNOPS are made on a reimbursable basis at the full cost of those services.

Management Coordination Committee

7. It will be recalled that the establishment of the Management Coordination Committee (MCC) was endorsed by the Executive Board and subsequently by the General Assembly. The creation of the MCC was recommended by the Secretary-General to assist him in the exercise of his responsibilities in the overall supervision and management of UNOPS. As endorsed by the Executive Board, the objective of the MCC is to maintain and strengthen the functioning of UNOPS as a self-financing entity working in a businesslike manner. The MCC provides policy and management direction, including the setting of operational policy, facilitation and monitoring of compliance, and to ensure transparency of UNOPS operations.

8. The OIOS team had proposed the creation of a Management Board to replace the MCC. The proposal envisaged that authority to approve UNOPS budget and all business acquisitions would be delegated to the Board, which would report regularly, on an "information only" basis, to the Executive Board and also report annually to the Secretary-General. The Board would comprise client representation from the different areas of the United Nations work, the United Nations Controller, the Legal Counsel, representatives from the private sector and the UNOPS Executive Director. It would be chaired by a former high-level United Nations official.

9. While there may have been merit in some aspects of such a far-reaching proposal, I did not consider that it would be appropriate to pursue the proposal, particularly as it would have an impact on the existing authority of the Executive Board and the responsibility of the Secretary-General.

10. I am proposing that the MCC continue with its current oversight and guidance responsibilities but that its composition be revised and expanded. The Administrator of UNDP would continue as Chairperson and would ensure that sufficient time is devoted to this important task.

11. I propose that, in addition to the current members, a few of the major clients of UNOPS in the United Nations system – such as the International Fund for Agricultural Development (IFAD) and the Department of Peace-Keeping Operations (DPKO) - be invited to participate in the MCC. The composition of the MCC could be changed by me, from time to time, to reflect the fluctuation in the volume of business between UNOPS and its different clients in the United Nations system. It would be helpful to have the Legal Counsel (or his representative) and the United Nations Controller (or his representative) participate ex officio, as appropriate, in the proceedings of the MCC.

12. Taking into consideration a recommendation made earlier by the evaluation commissioned by UNDP, I am also proposing that the Executive Director of UNOPS become an ex officio member of the MCC as well as continuing to serve as its Secretary. It will be recalled that the evaluation team had noted that one of the reasons why the MCC may not have functioned effectively was the absence of a body to prepare its meetings adequately. The evaluation report had, therefore, recommended that a working group be set up to meet more frequently to share information; foster cooperation; prepare issues to be submitted to the MCC; and to follow-up on the implementation of the decisions of the MCC and the Executive Board. I believe that this recommendation is still very valid and I am directing the

MCC to set up an appropriate group, to be co-chaired by representatives of the UNDP Administrator and the Executive Director of UNOPS.

13. The proposal that a few of UNOPS major clients participate in the MCC would also ensure that UNOPS is fully aware of the concerns of United Nations organizations that utilize its services. The Users Advisory Group, which was expected to have fulfilled that role, has only met once to date. The objective of the Users Advisory Group could be met in a more rational and cost-effective way through the proposed expansion of the MCC. It should also be noted that there are, at present, regular consultations between UNOPS and its clients in the course of the provision of services. This is expected to be enhanced by the further development of a formal client feedback system, as recommended by OIOS.

14. It is essential that the MCC provide the appropriate level of operational policy direction and monitoring of the activities of UNOPS, in full adherence to the comprehensive set of roles and functions delegated to it by the Secretary-General and endorsed by Member States. It is equally important that the Executive Director of UNOPS cooperate fully with the MCC in ensuring that recommendations and decisions are implemented in a timely manner and that requests for information and documentation are made available promptly. I shall expect the MCC to report to me on a regular basis and to bring to my attention issues that it has not been able to resolve satisfactorily at its level.

15. The Executive Board will continue to provide overall policy guidance and directives to UNOPS. The Executive Director will continue to report to me and to the Executive Board through the MCC.

Operational improvements

16. Some specific recommendations on improving UNOPS operations have been made in the internal review that I requested OIOS to undertake. The key recommendations that need to be acted upon in a timely manner are the following:

- United Nations agencies engaging UNOPS should include it in the project planning process at an early stage to ensure that expectations are clarified and that a detailed work plan is established, leveraging each entity's expertise;
- When contracting for UNOPS services, its clients should develop formal project documents that provide clear details of assignments and acceptable timeframes, as well as each entity's respective responsibilities for deliverable and performance expectations;
- UNOPS should improve its financial reporting systems to address client concerns over timeliness and accuracy;
- UNOPS should design and maintain a matrix system on a variety of performance indicators such as cost-effectiveness, timeliness and quality of service;

- UNOPS should establish an internal quality assurance function to ensure the development and maintenance of corporate performance and also to ensure compliance with pertinent rules and procedures.

17. I am pleased to note that UNOPS has already initiated measures to implement the above recommendations and I shall be requesting a regular update on progress being made in the coming months.

18. The OIOS team has also recommended that UNOPS be delegated the authority to process its own financial and administrative transactions as this would enable it to introduce, inter alia, the financial support systems that facilitate reporting requirements. This proposal is worthy of further consideration by UNDP and UNOPS and I am pleased to note that they have undertaken to continue to assess the cost-effectiveness and operational implications of existing modalities on both organizations.

Conclusion

19. It is evident that UNOPS has been able to adapt readily to changing situations and needs. Indeed, this would appear to be one of its main competitive advantages. One should, therefore, strive to capitalize on UNOPS strengths while at the same time ensuring that the oversight mechanisms function effectively in order to ensure conformity with established policy directives and decisions. In particular, it is essential that, in view of changing needs and circumstances, UNOPS seek the approval of the MCC before embarking on new strategies.

20. With particular reference to the relationship between UNDP and UNOPS, the success of their future collaboration will depend on the commitment by all relevant parties to focus on improvements to support the aims and objectives of the United Nations. In this context, I am encouraged by the reaffirmation of UNDP and UNOPS of their commitment to maintaining and strengthening an effective and harmonious partnership.

21. It is my intention to ensure that our collective energies are fully dedicated to further strengthening the provision of the most efficient and effective services to Governments. I call on Member States to support us in this effort.